BOARDWALK REGENCY CORPORATION

QUARTERLY REPORT

FOR THE QUARTER ENDED MARCH 31, 2007

SUBMITTED TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

DIVISION OF FINANCIAL EVALUATION
REPORTING MANUAL

BOARDWALK REGENCY CORPORATION
BALANCE SHEETS

AS OF MARCH 31, 2007 AND 2006

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
	ASSETS:				
	Current Assets:				
1	Cash and Cash Equivalents		$30,847	$24,334	
2	Short-Term Investments		0	0	
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2007, $11,434; 2006, $9,537)	2 & 4	24,314	20,196	*
4	Inventories	2	1,185	1,263	
5	Other Current Assets	5	17,499	24,233	
6	Total Current Assets		73,845	70,026	
7	Investments, Advances, and Receivables	6	170,854	72,152	*
8	Property and Equipment - Gross	2 & 7	718,680	673,889	
9	Less: Accumulated Depreciation and Amortization		(54,843)	(18,159)	
10	Property and Equipment - Net		663,837	655,730	
11	Other Assets	2 & 8	573,899	556,832	
12	Total Assets		$1,482,435	$1,354,740	
	LIABILITIES AND EQUITY:				
	Current Liabilities:				
13	Accounts Payable		$31,874	$21,593	
14	Notes Payable	9	0	0	
	Current Portion of Long-Term Debt:				
15	Due to Affiliates		0	0	
16	External		37	34	
17	Income Taxes Payable and Accrued	2	5,517	6,005	
18	Other Accrued Expenses	10	58,191	34,427	
19	Other Current Liabilities	2 & 11	2,907	2,380	*
20	Total Current Liabilities		98,526	64,439	
	Long-Term Debt:				
21	Due to Affiliates	13	518,330	518,330	
22	External		591	628	
23	Deferred Credits	2	131,298	141,313	
24	Other Liabilities	13	89,999	35,451	*
25	Commitments and Contingencies		0	0	
26	Total Liabilities		838,744	760,161	
27	Stockholders', Partners', or Proprietor's Equity		643,691	594,579	
28	Total Liabilities and Equity		$1,482,435	$1,354,740	

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

Amended 12/19/2007

BOARDWALK REGENCY CORPORATION
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)	
	Revenue:				
1	Casino	2	$139,153	$126,672	
2	Rooms		8,621	9,130	
3	Food and Beverage		14,762	15,141	
4	Other		3,314	4,325	
5	Total Revenue		165,850	155,268	
6	Less: Promotional Allowances	2	35,993	33,576	*
7	Net Revenue		129,857	121,692	
	Costs and Expenses:				
8	Cost of Goods and Services		72,546	78,703	*
9	Selling, General, and Administrative		15,658	7,521	
10	Provision for Doubtful Accounts		867	583	
11	Total Costs and Expenses		89,071	86,807	
12	Gross Operating Profit		40,786	34,885	
13	Depreciation and Amortization	2	13,465	10,126	
	Charges from Affiliates Other than Interest:				
14	Management Fees		0	0	
15	Other	2 & 4	5,913	2,194	
16	Income (Loss) from Operations		21,408	22,565	
	Other Income (Expenses):				
17	Interest Expense - Affiliates	9 & 12	(11,015)	(10,864)	
18	Interest Expense - External		(135)	(128)	
19	CRDA Related Income (Expense) - Net	2	(1,200)	(861)	
20	Nonoperating Income (Expense) - Net		458	(143)	
21	Total Other Income (Expenses)		(11,892)	(11,996)	
22	Income (Loss) Before Taxes and Extraordinary Items		9,516	10,569	
23	Provision (Credit) for Income Taxes	2	4,224	4,992	
24	Income (Loss) Before Extraordinary Items		5,292	5,577	
	Extraordinary Items (Net of Income Taxes -				
25	20__, $0; 20__, $0)		0	0	
26	Net Income (Loss)		$5,292	$5,577	

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2006 AND THE THREE MONTHS ENDED MARCH 31, 2007

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	Common Stock Shares (c)	Common Stock Amount (d)	Preferred Stock Shares (e)	Preferred Stock Amount (f)	Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
1	**Balance, December 31, 2005..........**		100	$1,370			$569,133		$18,499	$589,002
2	Net Income (Loss) - 2006.............								36,254	36,254
3	Contribution to Paid-in-Capital.....									0
4	Dividends....................................									0
5	Prior Period Adjustments.............									0
6	Acquisition by HET						13,143			13,143
7										0
8										0
9										0
10	**Balance, December 31, 2006..........**		100	1,370	0	0	582,276	0	54,753	638,399
11	Net Income (Loss) - 2007.............								5,292	5,292
12	Contribution to Paid-in-Capital.....									0
13	Dividends....................................									0
14	Prior Period Adjustments.............									0
15										0
16										0
17										0
18										0
19	**Balance, March 31, 2007 ....**		100	$1,370	0	$0	$582,276	$0	$60,045	$643,691

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
1	CASH PROVIDED (USED) BY OPERATING ACTIVITIES..		$25,177	$13,203
	CASH FLOWS FROM INVESTING ACTIVITIES:			
2	Purchase of Short-Term Investments			
3	Proceeds from the Sale of Short-Term Investments			
4	Cash Outflows for Property and Equipment...........................		(25,737)	(13,893)
5	Proceeds from Disposition of Property and Equipment..........		290	(27)
6	CRDA Obligations		(1,749)	(1,602)
7	Other Investments, Loans and Advances made.......................		(72)	
8	Proceeds from Other Investments, Loans, and Advances			240
9	Cash Outflows to Acquire Business Entities...........................		0	0
10	....			
11	....			
12	Net Cash Provided (Used) By Investing Activities....................		(27,268)	(15,282)
	CASH FLOWS FROM FINANCING ACTIVITIES:			
13	Proceeds from Short-Term Debt			
14	Payments to Settle Short-Term Debt......................................			
15	Proceeds from Long-Term Debt			
16	Costs of Issuing Debt..			
17	Payments to Settle Long-Term Debt......................................			
18	Cash Proceeds from Issuing Stock or Capital Contributions...		0	0
19	Purchases of Treasury Stock..			
20	Payments of Dividends or Capital Withdrawals......................			
21	Borrowings/Payments of Intercompany Payable		(15,376)	(5,033)
22	....			
23	Net Cash Provided (Used) By Financing Activities..................		(15,376)	(5,033)
24	Net Increase (Decrease) in Cash and Cash Equivalents.............		(17,467)	(7,112)
25	Cash and Cash Equivalents at Beginning of Period..................		48,314	31,446
26	Cash and Cash Equivalents at End of Period............................		$30,847	$24,334

	CASH PAID DURING PERIOD FOR:			
27	Interest (Net of Amount Capitalized)......................................		$11,150	$10,992
28	Income Taxes..		$4,224	$4,992

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006

(UNAUDITED)

($ IN THOUSANDS)

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	CASH FLOWS FROM OPERATING ACTIVITIES:			
29	Net Income (Loss)		$5,292	$5,577
30	Depreciation and Amortization of Property and Equipment		10,215	6,623
31	Amortization of Other Assets		3,250	3,503
32	Amortization of Debt Discount or Premium			
33	Deferred Income Taxes - Current			105
34	Deferred Income Taxes - Noncurrent		(1,529)	3,626
35	(Gain) Loss on Disposition of Property and Equipment		(25)	135
36	(Gain) Loss on CRDA-Related Obligations		(8,573)	742
37	(Gain) Loss from Other Investment Activities		119	119
38	(Increase) Decrease in Receivables and Patrons' Checks		578	242
39	(Increase) Decrease in Inventories		(105)	(90)
40	(Increase) Decrease in Other Current Assets		548	(1,893)
41	(Increase) Decrease in Other Assets		471	(7,690)
42	Increase (Decrease) in Accounts Payable		(3,950)	5,668
43	Increase (Decrease) in Other Current Liabilities		(64,014)	(3,576)
44	Increase (Decrease) in Other Liabilities		82,900	112
45				
46				
47	Net Cash Provided (Used) By Operating Activities		$25,177	$13,203

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Line (a)	Description (b)	Notes	2007 (c)	2006 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:			
48	Additions to Property and Equipment		($25,737)	($13,893)
49	Less: Capital Lease Obligations Incurred			
50	Cash Outflows for Property and Equipment		($25,737)	($13,893)
	ACQUISITION OF BUSINESS ENTITIES:			
51	Property and Equipment Acquired			
52	Goodwill Acquired			
53	Other Assets Acquired - net			
54	Long-Term Debt Assumed			
55	Issuance of Stock or Capital Invested			
56	Cash Outflows to Acquire Business Entities		$0	$0
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:			
57	Total Issuances of Stock or Capital Contributions		$0	$0
58	Less: Issuances to Settle Long-Term Debt		0	0
59	Consideration in Acquisition of Business Entities		0	0
60	Cash Proceeds from Issuing Stock or Capital Contributions		$0	$0

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

BOARDWALK REGENCY CORPORATION
SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

FOR THE THREE MONTHS ENDED MARCH 31, 2007

(UNAUDITED)
($ IN THOUSANDS)

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	159,930	$6,957		
2	Food	332,633	5,661		
3	Beverage	1,979,088	5,278		
4	Travel			2,240	973
5	Bus Program Cash	166,173	3,298		
6	Other Cash Complimentaries	290,916	13,872		
7	Entertainment			2,213	195
8	Retail & Non-Cash Gifts	27,061	541	8,969	2,127
9	Parking				
10	Other	2,048	386	119,577	2,130
11	Total	2,957,849	$35,993	132,999	$5,425

FOR THE THREE MONTHS ENDED MARCH 31, 2007

		Promotional Allowances		Promotional Expenses	
Line (a)	Description (b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	159,930	$6,957		
2	Food	332,633	5,661		
3	Beverage	1,979,088	5,278		
4	Travel			2,240	973
5	Bus Program Cash	166,173	3,298		
6	Other Cash Complimentaries	290,916	13,872		
7	Entertainment			2,213	195
8	Retail & Non-Cash Gifts	27,061	541	8,969	2,127
9	Parking				
10	Other	2,048	386	119,577	2,130
11	Total	2,957,849	$35,993	132,999	$5,425

BOARDWALK REGENCY CORPORATION
STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

FOR THE QUARTER ENDED MARCH 31, 2007

1. I have examined this Quarterly Report

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in <u>N.J.A.C.</u> 19:43-4.2(b)1-5 during the quarter.

May 15, 2007	Kimberly Coker
Date	[Insert Name Here]
	Vice President of Finance
	Title
	008692-11
	License Number

On Behalf of:

BOARDWALK REGENCY CORPORATION
Casino Licensee

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 – ORGANIZATION AND BASIS OF PRESENTATION

Boardwalk Regency Corporation (the “Company”), a New Jersey corporation, is a wholly owned subsidiary of Caesars New Jersey, Inc. (“CNJ”), a New Jersey corporation. The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as “Caesars Atlantic City”. CNJ is a wholly owned subsidiary of Caesars World, Inc. (“CWI”), a Florida corporation, and CWI is a wholly owned subsidiary of Harrah’s Operating Company, Inc. (“HOC”). The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

Prior to June 13, 2005, the Company was 100% owned by Caesars Entertainment, Inc.(“CEI”). On June 13, 2005, Harrah’s Entertainment, Inc. (“Harrah’s”) completed the acquisition of 100 percent of the outstanding shares of CEI. Following the purchase, the Company became an indirect wholly-owned subsidiary of HOC.

The Company is licensed to operate the facility by the New Jersey Casino Control Commission (the “CCC”) and is subject to rules and regulations established by the CCC. The Company’s license is subject to renewal every four years with the current license expiring April 2008.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allowance for Doubtful Accounts - The Company reserves an estimated amount for receivables that may not be collected. The methodology for estimating the allowance includes using specific reserves and applying various percentages to aged receivables. Historical collection rates are considered, as are customer relationships, in determining specific allowances. As with many estimates, management must make judgments about potential actions by third parties in establishing and evaluating the allowance for bad debts.

Inventories - Inventories of provisions and supplies are valued at the lower of average cost, or market.

Land, Buildings and Equipment - Land, buildings, and equipment are stated at cost, including capitalized interest on intercompany funds used to finance construction calculated at Harrah’s overall weighted-average borrowing rate of interest.

Improvements that extend the life of the asset are capitalized. Building improvements are depreciated over the remaining life of the building. Maintenance and repairs are expensed as incurred.

(All dollar amounts in thousands)

Depreciation is provided using the straight-line method over the shorter of the estimated useful life of the asset or the related lease term, as follows:

Land improvements	12 years
Buildings and improvements	7 to 40 years
Furniture, fixtures and equipment	3 to 12 years

The Company reviews the carrying value of land, buildings and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effect of obsolescence, demand, competition and other economic factors.

Goodwill and Other Intangible Assets -In accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*, the Company performs at least an annual review of goodwill and non-amortizing intangibles. The purchase price allocation related to the CEI acquisition was completed in June 2006 and refinements have been recorded in these statements. The Company completed its annual assessment for impairment during the fourth quarter of 2006 and 2005, respectively, and determined that goodwill and non-amortizing intangible assets had not been impaired. In accordance with the provisions of SFAS No. 142, the Company does not amortize goodwill.

The intangible assets include trademark totaling $83,000 and customer relationships (database) totaling $195,000. The trademark has been determined to have an indefinite life and accordingly is not amortized. The customer relationships have been determined to have a useful life of 15 years and are being amortized using the straight-line method. Amortization expense for the three months ending March 31, 2007 and 2006 was approximately $3,250 and $3,500, respectively. Estimated annual amortization expense for each of the years ending December 31, 2007, 2008, 2009, 2010 and 2011, is $13,000.

Financial Instruments - The carrying amount of receivables and all current liabilities approximates fair value due to their short-term nature. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. After giving effect to their allowances, the Casino Reinvestment Development Authority ("CRDA") bonds and deposits approximately reflect their fair value based upon their below market interest rates.

Revenue Recognition - Casino revenues consist of the net win from gaming activities, which is the difference between gaming wins and losses. Food, beverage, rooms and other revenues include the aggregate amounts generated by those departments.

(All dollar amounts in thousands)

Total Rewards Program Liability - Harrah's customer loyalty program, Total Rewards, offers incentives to customers who gamble at the Company's property and certain affiliate casinos throughout the United States. Under the program, customers are able to accumulate, or bank, Reward Credits over time that they may redeem at their discretion under the terms of the program. The Reward Credit balance will be forfeited if the customer does not earn a Reward Credit over the prior six-month period. As a result of the ability of the customer to bank the Reward Credits, the Company accrues the expense of Reward Credits, after consideration of estimated breakage, as they are earned. The value of the cost to provide Reward Credits is expensed as the Reward Credits are earned and is included in Cost of Goods and Services in the accompanying statements of income. To arrive at the estimated cost associated with Reward Credits, estimates and assumptions are made regarding incremental marginal costs of the benefits, breakage rates and the mix of goods and services for which Reward Credits will be redeemed. The Company uses historical data to assist in the determination of estimated accruals. At March 31, 2007 and 2006, $5,695 and $8,184, respectively, was accrued for the cost of anticipated Total Rewards credit redemptions.

In addition to Reward Credits, customers can earn points based on play that are redeemable in cash ("cash-back points"). The Company accrues the cost of cash-back points, after consideration of estimated breakage, as they are earned. The cost is recorded as contra-revenue and included in Casino promotional allowances in the accompanying statements of income. At March 31, 2007 and 2006, the liability related to outstanding cash-back points, which is based on historical redemption activity, was $1,375 and $1,591, respectively

Casino Promotional Allowances - Casino promotional allowances consist of the retail value of complimentary food and beverages, accommodations, admissions and entertainment provided to casino patrons. Also included is the value of the coupons redeemed for cash at the property. The estimated costs of providing such complimentary services are classified as casino expenses in the accompanying statements of income. These costs consisted of the following at March 31, 2007:

	2007	2006
Food & Beverage	$ 10,939	$ 11,350
Rooms	6,957	7,068
Other	4,225	5,013
Other Cash Complimentaries	13,872	9,624
	$ 35,993	$ 33,055

Income Taxes - The Company is included in the consolidated federal tax return of Harrah's and files
a separate New Jersey tax return. The provision for federal income taxes is computed based on the statutory federal rate as if the Company had filed a separate income tax return. The provision for

state taxes is based on the statutory New Jersey tax.

Deferred tax assets and liabilities represent the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in existing tax rates is recognized as an increase or decrease to the tax provision in the period that includes the enactment date.

Omission of Disclosures - In accordance with the Financial Reporting guidelines provided by the Casino Control Commission, the Company has elected not to include certain disclosures, which have not significantly changed since filing the most recent Annual Report. Accordingly, the following disclosures have been omitted: Future Lease Obligations, Employee Benefits and certain Income Tax disclosures.

Use of Estimates - The preparation of these financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Reclassifications - Certain prior year balances have been reclassified to conform to the current year presentation.

Seasonal Factors - The Company's operations are subject to seasonal factors and, therefore, the results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results of operations for the full year.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Company participates with HOC and its other subsidiaries in marketing, purchasing, insurance, employee benefit and other programs that are defined and negotiated by HOC on a consolidated basis. The company believes that participating in these consolidated programs is beneficial in comparison to the terms for similar programs that it could negotiate on a stand-alone basis.

Certain of the more significant intercompany relationships between the Company and HOC are discussed in this footnote.

Cash Activity with HOC and Affiliates - The Company transfers cash in excess of its operating and regulatory needs to HOC on a daily basis. Cash transfers from HOC to the Company are also made based upon the needs of the Company to fund daily operations, including accounts payable and payroll, as well as capital expenditures. No interest is earned on the amount shown as due from affiliates in the accompanying financial statements.

(All dollar amounts in thousands)

Administrative and Other Services - The Company is charged a fee by HOC for administrative and other services (including consulting, legal, marketing, information technology, accounting and insurance). The Company was charged $5,913 and $2,194 for these services for the three months ended March 31, 2007 and 2006, respectively. The fee is included in charges from affiliates in the accompanying statements of income.

NOTE 4 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of March 31, 2007 and March 31, 2006 consist of the following:

	2007	2006
Casino Receivables (Net of Allowance for Doubtful Accounts - 2007, $11,191 & 2006, $9,333)	$ 15,799	$ 13,565
Other (Net of Allowance for Doubtful Accounts - 2007, $243 & 2006, $204)	8,515	6,631
	$ 24,314	$ 20,196

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

	2007	2006
Tax Deferred Asset	$ 14,657	$ 16,087
Other	2,842	8,146
	$ 17,499	$ 24,233

NOTE 6 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of March 31, 2007 and March 31, 2006 consist of the following:

Boardwalk Regency Corporation (Caesars Atlantic City)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

	2007	2006
CRDA Deposits	$ 15,829	$ 12,849
CRDA Bonds Receivable	6,373	6,496
CRDA Long Term Note Receivable	772	803
Other		
	$ 22,974	$ 20,148
Less Valuation Allowance on CRDA Investments	(10,747)	(6,645)
	$ 12,227	$ 13,503
Due from Harrahs	158,627	58,196
Due from Affiliates Other		453
	170,854	72,152

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2007 and March 31, 2006 consist of the following:

	2007	2006
Land	$ 88,003	$ 85,578
Buildings and Improvements	466,763	438,698
Furniture, Fixtures, and Equipment	102,740	68,705
Asset Held for Sale		58,240
Construction in Progress	61,174	22,668
	$ 718,680	$ 673,889
Less Accumulated Depreciation & Amortization	(54,843)	(18,159)
	$ 663,837	$ 655,730

NOTE 8 – OTHER ASSETS

Other assets as of March 31, 2007 and March 31, 2006 consist of the following:

(All dollar amounts in thousands)

	2007	2006
Goodwill	$ 271,285	$ 253,512
Customer Database less Accumulated		
Amortization of $23,364 in 2007 & $11,161 in 2006	171,636	198,839
Trademark	83,000	63,000
Deferred Lease Incentive	42,437	33,060
CRDA Investment	1,255	4,239
Other, Net	4,286	4,182
	$ 573,899	$ 556,832

During May 2003, the Company entered into an agreement to lease the Pier at Caesars (the “Pier”) to developers for an initial term of 75 years. The 75 year term commenced upon completion of the Pier’s construction which was completed in 2006. The lease agreement provides for the repayment of certain qualified pier development costs incurred by the developers.

As financing for the qualified pier development costs, the Company and certain of its Atlantic City affiliates entered into a credit agreement (the “Credit Agreement”) with the CRDA. The Credit Agreement provides for funding from the CRDA of up to $42,800 for qualified development costs. The CRDA funding will come from amounts either currently on deposit or to be deposited with the CRDA pursuant to the Company’s and its affiliates’ investment obligations. Repayments to the developers are limited to the funds received from the CRDA. As of March 31, 2007, the Company has received $4,879 of previously deposited funds from the CRDA.

As of March 31, 2007, the Company repaid the developers approximately $42,800 through CRDA funds previously deposited by an affiliate. These payments are considered lease incentive payments and will be amortized over the life of the lease.

Refer to Note 2 for discussion of Goodwill and Other Intangible Assets.

NOTE 9 – NOTES PAYABLE

At December 31, 2000, the Company entered into an uncommitted $50,000 credit facility with Caesars Entertainment Finance Corporation (“CEFC”), a wholly owned subsidiary of HOC. At March 31, 2007, there was no outstanding balance.

NOTE 10 - OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31, 2007 and March 31, 2006 consist of the following:

(All dollar amounts in thousands)

	2007	2006
Accrued Payroll & Benefits	$ 12,055	$ 9,801
Accrued Interest Payable	33,075	
Total Rewards/Connection Card liability		7,439
Unredeemed slot promotions liability		1,591
Real Estate Taxes		3,136
Other	13,061	12,460
	$ 58,191	$ 34,427

NOTE 11- OTHER CURRENT LIABILITIES

Other current liabilities as of March 31, 2007 and March 31, 2006 consist of the following:

	2007	2005
Unredeemed Chip and Token Liability	2,429	1,790
Other	478	590
	$ 2,907	$ 2,380

NOTE 12 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt, due to affiliates as of March 31, 2007 and March 31, 2006 consists of the following:

	2007	2006
8.5% Note Payable to Harrah's Entertainment, Ltd. ("HEL") due December 31, 2010	$ 518,330	$ 518,330
	$ 518,330	$ 518,330

On July 1, 2006, the note formerly held by CEFC was assigned to HEL. Neither the terms nor the amounts of debt were affected by this assignment. The only notable change resulting from the assignment was a change in the timing of interest payments. Prior to the assignment interest payments were made monthly. However, for subsequent tax years, interest payments will be remitted annually, payable in the following year. As of March 31, 2007, accrued interest related to the intercompany note totaled $33,075. Since the note is due to an affiliate, a determination of fair value is not considered meaningful.

NOTE 13 – OTHER LIABILITIES

Other Liabilities as of March 31, 2007 consisted of the following:

(All dollar amounts in thousands)

	2007	2006
Due to Affiliates, Atlantic City Region	$ 51,034	$ 27,351
Due to Affiliates, Other	31,747	1,337
Other	7,218	6,763
	$ 89,999	$ 35,451

NOTE 14 – COMMTMENTS AND CONTIGENCIES

Litigation – The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, these matters will not have a material effect on the Company's financial position or results of operations.

Insurance Reserves – The Company is self-insured for various levels of general liability coverage. Insurance claims and reserves include the accrual of estimated settlements for known and anticipated claims. Accrued expenses and other current liabilities in the accompanying balance sheets include insurance allowances of $471 and $1,505 as of March 31, 2007 and 2006, respectively. Actual results may differ from these reserve amounts.

CRDA Investment Obligation - The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the CRDA. Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to 50 years and bear interest at below market rates. The Company includes CRDA investment bonds and funds on deposit in Investments, Advances and Receivables in the accompanying balance sheets totaling $6,373 and $15,829, respectively, at March 31, 2007 and $6,496 and $12,849, respectively, at March 31, 2006. The Company records charges to operations to reflect the estimated net realizable value of its CRDA investment.

The twelve Atlantic City casino properties (the "AC Industry") and the CRDA have entered into an agreement with the New Jersey Sports & Exposition Authority (the "NJSEA") to provide funding to subsidize New Jersey's horseracing industry. In exchange for this funding, the NJSEA and the three active New Jersey racetracks will not conduct any casino gaming at the racetracks prior to January 1, 2009. As part of the agreement, the AC Industry will provide $34,000 over a four year period to the NJSEA and must deposit another $62,000 into the Casino Expansion Fund (managed by the CRDA). The $62,000 will be derived from funds either currently on deposit or to be deposited with the CRDA pursuant to each casino property's investment obligation. The Company's obligation is equal to its fair-share of AC Industry casino revenues. The Company estimates this commitment over the four year period to be a total of $3,700, the first payment of which was made November 2004. The total estimated commitment will be charged to operations on a straight line basis through January 1, 2009. Once the Company meets its deposit obligation related to its fair share of the $62,000, the Company is eligible to receive funds from the Casino Expansion Fund for qualified construction expenditures. The Company has until June 30, 2014 to submit an application to exhaust its share of the Casino Expansion Fund. Any funds not transferred out of the Casino Expansion Fund by the required date will be transferred to funds on deposit with the CRDA pursuant to its ongoing investment obligations.

By letter dated March 27, 2007, the Company was informed by the CRDA that the parent company of the issuer of certain CRDA-backed bonds held by the Company has filed for Chapter 11 bankruptcy and does not intend to make future debt service payments on such bonds. The face value of the bonds help by the Company is $1,701, however, the Company maintains a reserve on these bonds and on all of its other CRDA-backed bonds. Based on the information currently available and remedies available to the Company, the Company is not yet in a position to determine if an impairment has occurred, therefore, the Company has not adjusted its reserve on these bonds and will continue to monitor developments of this case.